



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2017 Biennium

Bill #	HB0392	Title:	Establish reemployment provisions for MPORS members
Primary Sponsor:	Garner, Frank	Status:	As Introduced

Retirement Systems Affected:

<input type="checkbox"/> Teachers	<input type="checkbox"/> Public Employees	<input type="checkbox"/> Highway Patrol	<input checked="" type="checkbox"/> Police
<input type="checkbox"/> Sheriffs	<input type="checkbox"/> Firefighters	<input type="checkbox"/> Volunteer Firefighters	<input type="checkbox"/> Judges

Check the box if "Yes".

- ☐ Has this legislation been reviewed by the legislative interim committee?
- ☒ Has the cost of this legislation been calculated by the system's actuary?
- ☐ Does this legislation include full funding for any benefit revisions?

	July 1, 2014 Current System	July 1, 2014 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$474,307,953	\$474,307,953	\$0
Present Value of Actuarial Assets	\$298,721,780	\$298,721,780	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$175,586,173	\$175,586,173	\$0
Amortization Period (years) of UAAL	19.60	19.60	0.00
Change in normal costs	25.65%	25.65%	0.00%

MPORS	FY 2015 July 1, 2014	FY 2016 July 1, 2015	FY 2017 July 1, 2016	FY 2018 July 1, 2017	FY 2019 July 1, 2018
Employee Contribution Rate hired after 6/30/75 & prior to 7/1/79, no GABA	7.00%	7.00%	7.00%	7.00%	7.00%
Employee Contribution Rate hired after 6/30/79 & prior to 7/1/97, no GABA	8.50%	8.50%	8.50%	8.50%	8.50%
Employee Contribution Rate hired after 6/30/97 and members electing GABA	9.00%	9.00%	9.00%	9.00%	9.00%
Employer Contribution Rate	14.41%	14.41%	14.41%	14.41%	14.41%
State Contribution Rate	29.37%	29.37%	29.37%	29.37%	29.37%
TOTAL Contribution Rate	52.78%	52.78%	52.78%	52.78%	52.78%

FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other - MPORS	\$16,812	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: HB 392 allows the reemployment of retired members of the municipal police officers' retirement system (MPORS) and provides a method for calculating the member's new retirement benefit following reemployment.

FISCAL ANALYSIS

Assumptions:

1. The fiscal impact assumes that HB 392 is the only amendment being considered.
2. The analysis is based upon the data, actuarial methods and assumptions as were used in the actuarial valuation of the system as of June 30, 2014.
3. The results are dependent upon future experience conforming to these assumptions.
4. To the extent that future experience deviates from the actuarial assumptions, the true cost of the proposed legislation could vary from the results.
5. Retired members over 50 with less than 20 years of service, who return to work would have benefits ceased and would be required to repay any benefits received plus interest. Upon subsequent retirement, the benefit would be based upon total service with the system.
6. Retired members with 20 or more years of service who return to work would have benefits ceased. Upon subsequent retirement, the original retirement benefit would resume and an additional benefit would be calculated based on the member's new service and final average compensation after reemployment.
7. Terminated inactive members would become active members and upon termination, have their benefits calculated as if there had been no break in service.
8. The analysis does not consider whether the bill would result in any effects on future retirement trends.
9. The bill will not affect any current actuarial valuation results.
10. Any reemployments that occur will be reflected in future actuarial valuations, as they occur, as part of the annual determination of actuarial experience gain or loss.
11. It is not possible to estimate the amount of such gains and losses with the current data.
12. A change request to implement this process in MPORA's new system, PERIS, would cost an estimated \$16,812.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Equipment	\$16,812	\$0	\$0	\$0
TOTAL Expenditures	\$16,812	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other - MPORS	\$16,812	\$0	\$0	\$0
TOTAL Funding of Exp.	\$16,812	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other - MPORS	(\$16,812)	\$0	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date